Manitoba

Annual Report
1988 - 89

The Public Trustee

92-00676/

The Attorney General

Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable George Johnson, M.D.
Lieutenant-Governor of Manitoba

May it please Your Honour:

It is my privilege to present for the information of Your Honour the Annual Report of the Public Trustee for the fiscal year ending March 31, 1989.

Respectfully submitted,

James C. McCrae
Attorney General of Manitoba

Manitoba

Manitoba

Public Trustee

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405 Broadway
Winnipeg, Manitoba, CANADA
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Report to:
File #:
Telephone:

The Honourable The Attorney General
Government of Manitoba
Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Mr. McCrae:

In terms of the provisions of Section 19 of The Public Trustee Act, I submit this Seventh Annual Report for the period ending March 31, 1989.

The report of the Provincial Auditor dated February 23, 1990, and received by me May 8, 1990, is attached hereto as Appendix "A."

Yours truly,

M. Anne Bolton, Q.C.
Acting Public Trustee

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Statistics

Estates and Trusts under Administration

In the fiscal year ending March 31, 1989, the net value of estates and trusts under administration increased to $100,144,423 from $94,862,757, an increase of 5.57%. There was a slight decrease, of 3.75%, in the number of estates administered by the Mental Health Division. However, the number of accounts with assets under administration in the Mental Health Division increased from 3,253 to 3,326, or 2.2%. As it is the accounts with estates under administration that represent a major portion of the workload for the Mental Health Division, this figure also represents an increase in responsibility.

There was an increase in the numbers of deceased's estates and infant trust accounts of .77%.

The Common Fund, the principal investment vehicle used by the Public Trustee, was valued at $77,578,278 in 1988-89, compared with its 1987-88 value of $71,869,699.

Office System

This year has seen the further development of the computerized accounting system. The new computerized system will provide for better accounting and financial management reporting, and improved accounting control.

Additional space accommodation needs will be met to some degree by a physical move of the operation from the 7th to the 13th and part of the 14th floor of the Woodsworth Building. Ongoing expansion of the program due to reaction to society's needs may necessitate further space requirements in the future.

Vulnerable Adults

There is yet no adult guardianship legislation in Manitoba. This means that vulnerable adults continue to be at risk, or without resources, in a society with no system to which they can look for help.

The Public Trustee has done its best to assist vulnerable adults who are potentially at risk by accepting Powers of Attorney pursuant to Section 80(2) of the Mental Health Act or as a Private Trustee. Currently, The Public Trustee administers 55 Powers of Attorney. The administration of these estates is both demanding and complicated, and adequate resources do not exist within the office to give the type and scope of service required.

The Public Trustee has also played a role in the development of policies and procedures concerning Elder Abuse. Information sharing and advice have been given to the researchers assigned to the difficult task of developing enabling legislation to provide a system for dealing with abuse. The Public Trustee has taken an active involvement with the Action Committee formed by the Age and Opportunity Centre to study and provide guidelines to the Government for the development of adult guardianship legislation. Clients of the Public Trustee who are victims of financial, physical or emotional abuse have their needs addressed on an individual basis by the Mental Health and Legal staff.

Public Relations and Education

Two information pamphlets have been developed to distribute to the community dealing with the Public Trustee's role as Committee and the Public Trustee's role pursuant to the new 1988-89 amendments to The Mental Health Act.

In addition, the following organizations and entities were addressed by the Public Trustee and his staff during the 1988-89 fiscal year:

Alternate Care Review Committee — Misericordia General Hospital
Alzheimer Society
Canadian Association on Gerontology — Halifax
Community Social Services
Gwen Secter Creative Living Centre — Main Street
Manitoba Council on Homemaker Services, Inc.
Manitoba Friends of Schizophrenics
Red River Community College — Developmental Services Worker Program
Selkirk General Hospital — Education Day Workshop
Selkirk Mental Health Centre School of Nursing
University of Manitoba — Department of Extension — Gerontology
YMHA Jewish Community Centre of Winnipeg

The Public Trustee of Manitoba

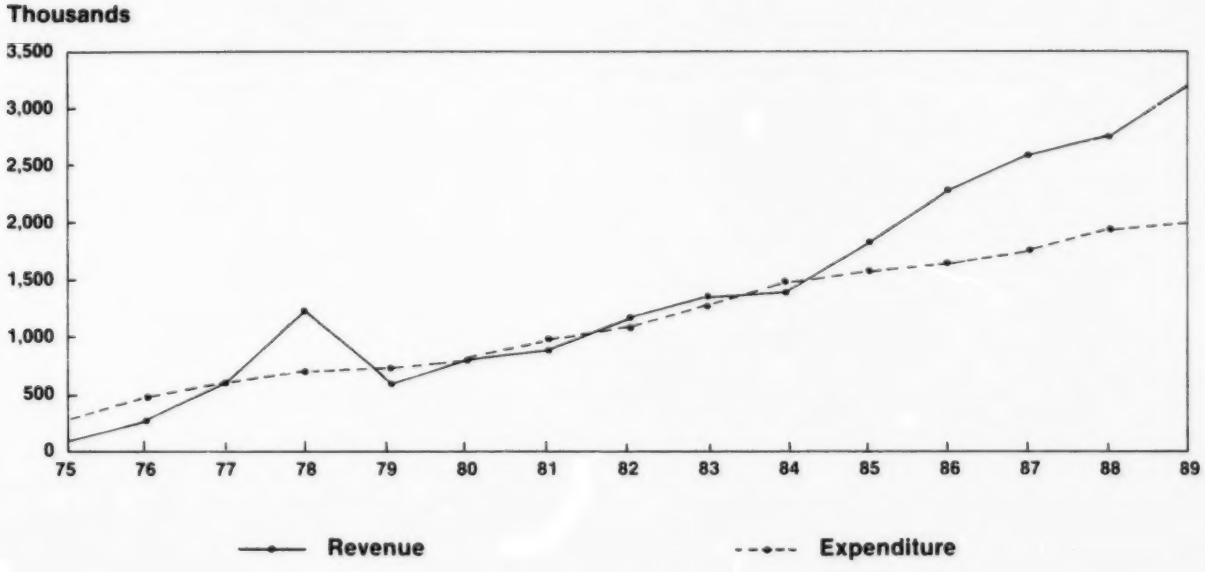
Dimensions

1988-89

Staff complement	55
Revenue:	3,202,300
Expenditure:	2,081,800
Assets under administration:	100,144,423
Number of Estates, Trusts and Legal Files:	7,272

The Public Trustee of Manitoba
Department of Attorney General

Revenue/Expenditure Profile



Year	Revenue	Expenditure	Revenue as % of Expenditure
1982-83	$1,364,200	$1,336,000	102.10%
1983-84	1,470,100	1,522,600	96.55%
1984-85	1,853,400	1,623,400	114.17%
1985-86	2,291,500	1,691,300	135.49%
1986-87	2,566,900	1,773,300	144.75%
1987-88	2,770,500	1,926,900	143.78%
1988-89	3,202,300	2,081,800	153.82%

The Public Trustee of Manitoba

Trust Division Activity

as at March 31, 1989

	1986	1987	1988	1989
Dollars under Administration	$24,056,000	$25,385,500	28,002,500	$30,690,000
Number of Accounts				
Deceased Estates:	747	783	762	774
Infant Trusts:	945	974	1,055	1,057
	1,692	1,757	1,817	1,831

The Public Trustee of Manitoba

Mental Health Division Activity

as at March 31, 1989

	1986	1987	1988	1989
Dollars under Administration	$54,464,000	$57,815,800	$66,860,200	$69,454,000
Number of Accounts with Assets:	3,206	3,244	3,253	3,326
Total Number of Accounts	4,738	5,013	5,091	4,900

The Public Trustee of Manitoba

Legal Department Activity

as at March 31, 1989

	1986	1987	1988	1989
Number of files at beginning of year:	431	482	436	475
Number of files opened:	375	355	419	409
Sub-total:	806	837	855	884
Number of files closed:	324	401	380	343
Number of files at year-end:	482	436	475	541

Manitoba

The Public Trustee of Manitoba

Report of the Provincial Auditor's Office

We have examined the financial statements, being Exhibits A and B, of the Public Trustee of Manitoba for the fiscal year ended March 31, 1989. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of affairs of the estates and trusts under jurisdiction of the Public Trustee as at March 31, 1989, and the cash receipts and disbursements for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, after giving retroactive effect to the change in policy of accruing interest on common fund investments as explained in note 9, on a basis consistent with that of the preceding year.

February 23, 1990,
Winnipeg, Manitoba.

F.H. Jackson, C.A.,
Provincial Auditor.

Exhibit A
Government of the Province of Manitoba
The Public Trustee of Manitoba

Balance Sheet of estates and trusts under administration

as at March 31, 1989
(with 1988 figures for comparison)

	1989	1988 (restated)
Assets		
Cash on hand and in bank	$ —	$ 830,925
Investments — common fund (Notes 2(a) and 6)	77,578,278	71,869,699
— specific estates and trusts (Note 7)	14,086,629	13,973,116
Annuity contracts (Note 2(c))	382	2,262
Accrued interest receivable on common fund investments (Notes 2(a) and 9)	2,238,176	2,084,133
Receivable from the Government of the Province of Manitoba (Note 10)	603,879	622,218
Accounts receivable (Note 2(d))	113,022	140,629
Rentals receivable (Note 2(d))	6,554	15,905
Notes receivable, principal (Note 2(e))	162,858	147,768
Mortgages and agreements receivable (Note 2(e))	126,639	139,520
Interests in other estates (Note 2(f))	2,915	415
Real estate (Note 2(g))	5,485,604	5,074,682
	$100,404,936	$ 94,901,272
Liabilities		
Cheques issued in excess of funds on deposit	$ 169,449	$ —
Mortgages, notes and agreements payable (Note 2(h))	2	7,732
Public Trustee — Fees payable (Note 3)	69,030	22,792
— Expenditures payable (Note 2(i))	22,032	7,991
	260,513	38,515
Estates and trusts under administration: (Note 2)		
Excess of recorded value of assets over liabilities (Note 10)		
The Mental Health Act	69,453,952	66,860,226
The Public Trustee Act	30,690,471	28,002,531
	$100,404,936	$ 94,901,272

Exhibit B
Government of the Province of Manitoba
The Public Trustee of Manitoba

Statement of Cash Receipts and Disbursements

for the year ended March 31, 1989
(with 1988 figures for comparison)

Receipts	1989	1988
Funds held by estates and trusts brought under administration	$ 8,655,858	$ 8,028,785
Realization of equities in other estates	624,653	1,282,775
Pensions, compensation and assistance	12,417,321	11,335,840
Sickness, disability and other insurance benefits	2,974,924	1,487,627
Collections on account of:		
Accounts receivable	145,268	81,050
Rentals and leases receivable	143,726	171,856
Mortgages and agreements receivable	35,865	47,830
	324,859	300,736
Sales of chattels	125,888	199,422
Sale of real estate	2,247,484	2,209,793
Interest — bonds and investment certificates	9,762,105	8,709,433
Dividends	73,080	82,369
Bank interest	104,967	94,372
Total receipts, before sale or redemption of securities	37,311,139	33,731,152
Sale or redemption of securities	52,930,427	70,511,256
Cash on hand and in bank at beginning of year	830,925	316,692
	$ 91,072,491	$104,559,100

Disbursements	1989	1988
Payments on account of:		
Accounts payable discharged	$ 255,812	$ 193,457
Mortgages and agreements payable	148,541	237,731
Real estate purchases	265,506	7,510
	669,859	438,698
Maintenance:		
Maintenance incurred in hospitals prior to June 30, 1958	—	(5,213)
Board, room and other expenses (Note 4)	13,640,143	12,082,741
	13,640,143	12,077,528
Preservation of estates:		
Realty and income taxes	1,346,659	826,654
Insurance	91,930	75,283
Repairs	94,612	188,042
Sundry	805,221	688,691
	2,338,422	1,778,670
Support of dependants	58,717	69,107
Administration and passing of accounts (Note 3)	2,505,586	2,428,190
Burial expenses	753,137	645,913
Estates and trusts released from administration	11,568,596	10,381,797
Total disbursements, before purchase of securities	31,534,460	27,819,903
Purchase of securities	59,707,480	75,908,272
Cash on hand and in bank at end of year	—	830,925
Cheques issued in excess of funds on deposit at end of year	(169,449)	—
	$ 91,072,491	$104,559,100

Government of the Province of Manitoba
The Public Trustee of Manitoba

Notes to Financial Statements

March 31, 1989

1. **Role and Objective**

   The Public Trustee acts on behalf of persons affected by various disabilities, mental disorders, age and death. The Public Trustee is considered to be an appointment of last resort and therefore provides a public service, generally where there is no other competent or acceptable person available to provide the required service.

2. **Significant Accounting Policies**

   Statement of Cash Receipts and Disbursements

   The Statement of Cash Receipts and Disbursements reflects cash transactions which have occurred during the year for estates and trusts under administration.

   Balance Sheet

   The Balance Sheet reflects the position on a modified accrual basis with the following exceptions:

   A. **Assets**

      All known assets are included in the Balance Sheet except for chattels, which are accounted for in separate accounting records, and accruals on investment earnings held for specific estates and trusts.

   B. **Liabilities**

      Liabilities are only recorded on the Balance Sheet where accounts are due to the Government of the Province of Manitoba, and in respect of mortgages, notes and agreements payable described in Note 2(h).

   The net recorded value of the estates and trusts under administration is governed by the valuation criteria described on the Balance Sheet as well as the following evaluation and accounting policies:

   a) **Common Fund Investments**

      Investments of the common fund, established pursuant to Section 11(1) of The Public Trustee Act, are restricted to securities and loans authorized under The Trustee Act. Common fund investments are recorded at cost, adjusted for the amortization of premiums or discounts on purchase on a straight-line basis over the remaining term to maturity of the security. Interest is accrued on these investments. Earnings are distributed semi-annually to the individual estates and trusts on a pro rata basis.

   b) **Shares of Capital Stock and Mutual Funds**

      (i) **Mental Health and Infant Trusts**

      The basis of valuation of shares assumed under administration prior to December 22, 1971 is at Valuation Day prices (market value as at December 22, 1971), except shares for which no Valuation Day price exists. Shares are then recorded at cost, if available, or at a nominal value of $1.

      Shares assumed under administration since December 22, 1971 have been recorded at the market value as at the date of assumption or at a nominal value of $1 where market value is not readily available.

      All shares purchased by the Public Trustee are recorded at cost.

      (ii) **Estates of Deceased Persons**

      Shares forming part of estates of deceased persons assumed under administration have been recorded at the market value as at the date of death. Shares puchased by the Public Trustee are recorded at cost. Where no market value exists, nominal values of $1 are used.

      Shares recorded at Valuation Day prices (December 22, 1971), assumed under administration since December 22, 1971, and purchased by the Public Trustee, amount to $1,714,419 (1988 — $1,851,625), with the balance of the account representing share certificates of a nominal value of $1 each.

Notes to Financial Statements

March 31, 1989

c) **Annuity Contracts**

Determinable receivables amount to $ — at March 31, 1989 (1988 — $1,885), with the balance of the account represented by receivables recorded at a nominal value of $1 each.

d) **Accounts Receivable and Rentals Receivable**

Determinable accounts receivable and rentals receivable amount to $118,896 at March 31, 1989 (1988 — $155,815), with the balance of the account represented by account and rentals receivables recorded at a nominal value of $1 each.

e) **Notes, Mortgages and Agreements Receivable**

Notes, mortgages and agreements receivable reflect the amount of principal and interest due and unpaid at the time each estate was brought under administration, less any payments subsequently received. Interest due and accrued during administration is not recorded by the Public Trustee until such time as it is received.

f) **Interests in Other Estates**

Determinable interests in other estates amounts to $2,855 at March 31, 1989 (1988 — $356), with the balance of the account represented by interests in other estates recorded at a nominal value of $1 each.

g) **Real Estate**

Real estate is valued at estimated market value and amounts to $5,485,294 at March 31, 1989 (1988 — $5,074,403), the balance of the account represented by burial plots, mines and mineral rights and mobile homes are recorded at a nominal value of $1 each.

h) **Mortgages, Notes and Agreements Payable**

Mortgages, notes and agreements payable are recorded in instances where the possibility exists that payments may be made on account of these liabilities. Interest due and accrued during administration is not recorded until it is paid.

Determinable mortgages, notes and agreements payable amount to $ — at March 31, 1989 (1988 — $7,732), with the balance of the account represented by mortgages, notes and agreements payable recorded at a nominal value of $1 each.

i) **Expenditures Payable to the Public Trustee**

Expenditures payable to the Public Trustee represent disbursements made on behalf of estates or trusts for which funds were not immediately available. These expenditures will be recovered from the estates or trusts concerned by the Public Trustee in due course when funds become available. If funds do not become available, these expenditures are recovered from an appropriation of the Department of the Attorney General, Government of the Province of Manitoba.

3. **Administration Fees**

Under Section 14 of The Public Trustee Act, the Public Trustee may determine reasonable charges based on the services provided to the estates and trusts under his administration. Charges are made annually on the aforementioned basis to each estate and trust on its anniversary date of enrollment with the Public Trustee, except those estates and trusts which do not have sufficient funds, where the charges are either reduced or not made.

The Government of the Province of Manitoba requested that the total costs of the Public Trustee's Office be fully recovered by means of these administration fees. These fees are remitted to the Government of the Province of Manitoba when funds become available in each estate and trust.

4. **Board, Room and Other Expenses**

Board, room and other expenses reflect payments made for current general living expenses, which mainly include clothing, comforts, medical and nursing home costs, during periods of supervision, probation and hospitalization.

Notes to Financial Statements

March 31, 1989

5. **Administration Costs**

Administration costs of the Public Trustee are paid out of appropriations of the Government of the Province of Manitoba and are not reflected in these financial statements. Where appropriate, these costs are recovered from estates and trusts in a manner as explained in Note 3.

6. **Investments — Common Fund**

	1989 Par Value	1989 Book Value	1988 Book Value
Term deposits and investment certificates	$ 2,800,000	$ 2,800,000	$ 6,600,000
Government of Canada bonds	47,875,000	50,879,462	40,466,492
Province of British Columbia bonds	2,000,000	2,028,632	2,942,030
Province of Manitoba bonds	200,000	199,475	199,388
Province of Ontario bonds	—	—	1,899,828
Province of Quebec bonds	1,000,000	997,536	996,797
Ontario Hydro-Electric bonds	20,527,000	20,673,173	18,252,905
Federal Business Development Bank	—	—	512,259
	$74,402,000	$77,578,278	$71,869,699

7. **Investments — Specific Estates and Trusts**

	1989	1988
Term deposits, investment certificates and treasury bills, at par value	$ 4,753,090	$ 3,676,788
Government of Canada and other bonds, at par value	7,619,048	8,444,703
Shares of capital stock and mutual funds (Note 2(b))	1,714,491	1,851,625
	$14,086,629	$13,973,116

8. **Statutory Fees and Costs**

Under Section 3(3) and Section 4 of The Public Trustee Act and Section 12 of The Infant Trust Act, the Public Trustee provides legal services for estates and trusts not under his administration. Fees and court awarded costs collected and remitted to the Government of the Province of Manitoba amounted to $10,441 for the year ended March 31, 1989 (1988 — $13,216). These amounts are not reflected in the financial statements.

9. **Change in Accounting Policy**

For the year ended March 31, 1989, the Public Trustee changed its accounting policy to reflect accrued interest receivable on common fund investments. Previously the interest was recorded on a cash basis. This change, which has been applied retroactively, resulted in accrual of interest receivable on common fund investments and a corresponding increase in estates and trusts under administration.

10. **Allocation of the Amortization of Premiums Paid on Bond Purchases**

The amortization of premiums paid on bond purchases has not been processed properly in the trust equity accounts. This resulted in an overallocation of interest. This matter is being resolved. The active estates and trusts are being charged with the appropriate amount of the amortized premiums paid. The Government of the Province of Manitoba is providing funds to reimburse the Common Fund for the portion of the amortized bond premiums pertaining to discharged estates and trusts and to refund fees previously paid on the overallocated interest.

11. **Comparative Figures**

Comparative figures for the year ended March 31, 1988 have been restated where necessary to conform with the presentation adopted for the year ended March 31, 1989.